

(b) There has been no serious impact on the project other than time delay.

(c) The first block of flight test phase involving 12 flights has been completed successfully on LCA technology demonstrator (TD1). Analysis of the test flight results indicate a good match between recorded flight data and performance estimates. The aircraft is being prepared for second block of flight tests. The flight testing of second technology demonstrator (TD2) is planned during 2001. Estimated time schedule to meet initial operational clearance is end of 2005 and the final operational clearance is end of 2008.

(d) and (e) Discussions have been initiated to re-negotiate contracts suspended due to sanctions imposed by USA in 1998.

**Terms set for Defence deals by MoD**

1073. PROF. M. SANKARALINGAM: Will the Minister of DEFENCE be pleased to state:

(a) the details of the terms set by Ministry of Defence for defence deals;

(b) whether Government have formulated the guidelines for selection of arms agents by foreign companies; and

(c) if so, the details thereof?

THE MINISTER OF DEFENCE (SHRI GEORGE FERNANDES): (a) to (c) A comprehensive formulation of the role, if any, which Authorised Representatives/Agents employed by foreign suppliers for the promotion of their product, may legitimately be expected to play, has been receiving the attention of Government for some time. The entire policy has been extensively reviewed recently with the objective of defining the scope, extent and the conditions within which such Authorised Representatives/Agents may be allowed to represent a foreign supplier or suppliers.

It is in this context that Ministry of Defence have, on 2nd November, 2001, issued comprehensive instructions relating to appointment of Indian Authorised Representatives/Agents by foreign suppliers for the promotion of their product.

The instructions, *inter alia*, include the following details:—

- (a) All foreign suppliers who wish to appoint Indian Authorised Representatives/Agents would register them with the Ministry of Defence.
- (b) The Authorised Representative/Agent could be an individual, a partnership, a limited company Private or Public;
- (c) The agent must be an income tax payee.
- (d) The foreign supplier appointing an agent must furnish copies detailing agreement/terms of appointment.
- (e) The obligations of an Authorised Representative/Agent will flow from the contract entered with the Ministry of Defence.
- (f) The foreign supplier will have to declare the payments made to the Authorised Representative/Agent. These payments will be made only in Rupees.
- (g) Particulars relating to agency commission would be reported to the Enforcement Directorate of Central Board of Direct Taxes;
- (h) The agent will be appointed with the approval of the Secretary of the Department or by an officer authorised by him.
- (i) The Ministry of Defence, would have the right to terminate the appointment of Authorised Representative/Agent without any notice or assigning any reason.

These instructions will be applicable to future contracts.

**Destroying militant bunkers in J&K**

1074. SHRI RAMACHANDRA KHUNTIA:

SHRI K. RAMA MOHANA RAO:

Will the Minister of DEFENCE be pleased to state:

- (a) whether it is a fact that militants have made bunkers in Poonch and other districts of J&K;
- (b) if so, number of such bunkers and how these bunkers came